



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, Illinois 60602**

Minutes for the September 23, 2014 Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

Investment Committee

in attendance:

Mr. Patrick McFadden, Mr. John Fitzgerald, Ms. Diahann Goode, Ms. Alexis Herrera, Mr. Robert Janura, Mr. Brent Lewandowski, Mr. Patrick Nester, Mr. Samuel Richardson Jr. and Mr. Lawrence Wilson.

Staff Present:

N. Hackett, M. Maratea, M. Fahrenbach, F. Vinzons and K. Quaye.

Others Present:

M. Joecken, J. Jackson, S. Haskins – Callan; E. Harris – Loop Capital; T. Picketts – Topeka; R. Baert – Pensions & Investments.

Presenters:

M. Torres, J. Hyun, D. Ali – Adelante Capital.

1. Approval of July 23, 2014 Investment Committee Meeting Minutes;

Motion for Approval and Adoption of Minutes. It was moved by Trustee Fitzgerald and seconded by Trustee Nester that the minutes of the July 23, 2014 Investment Committee meeting be approved and adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Administrative Updates;

Ms. Hackett provided organizational updates for two investment managers retained by the Fund. In addition, Ms. Hackett informed the Committee that the annual Illinois Utilization report was submitted and that 17.4% or \$1.5 billion of total fund assets were managed by Illinois-based managers as of December 31, 2013. This compares favorably to the period ended December 31, 2012 of 12.7% or \$1.0 billion. The increase in utilization was driven by a \$300 million commitment to Mesirow, a \$30 million commitment to LaSalle Investment Management, a \$25 million follow-on allocation to Channing Capital Management and favorable market appreciation for other Illinois-based managers.

3. Emerging Manager Goals Discussion

Ms. Hackett reviewed the Fund's emerging manager utilization and the impact that recent Fund actions and manager updates have had on the overall utilization as discussed at the September 17, 2014 EMIC meeting. As a result, the EMIC recommended the following changes and affirmations to the Fund's annual target range and minority brokerage goals for the Investment Committee's approval:

Annual Target Range Goals for Asset Classes and MWBE Type

- a. Fixed Income – 27%-35% (vs. previous 25%-30% as a % of asset class)
- b. Domestic Equity – 17%-20% (vs. previous 15%-20% as a % of asset class)
- c. Intl. Equity – 10%-15% (no change as a % of asset class)
- d. Alternatives – 10%-15% (no change as a % of asset class)

- a. Minority – 10%-15% (as a % of Fund)
- b. Women – 2.5%-5% (as a % of Fund)
- c. Disabled – 0%-1% (as a % of Fund)

Annual Target Range Goals for Minority Broker Dealers

- a. Fixed Income – 10% of par value (no change)
- b. Domestic Equity – 35% of total trading commissions (no change)
- c. Intl. Equity – 10% of total trading commissions (no change)
- d. Intl. Equity Small Cap – 3% of total trading commissions (no change)
- e. Transition Management – 40% of transition-related commissions (no change)

Motion to Revise and/or Affirm Emerging Managers Target Utilization Goals and to Affirm Minority Broker-Dealer Target Utilization Goals: It was moved by Trustee Janura and seconded by Trustee Nester to revise domestic equity and fixed income ranges and affirm the other categories for utilization of emerging investment managers as proposed by Fund Investment Staff and to affirm the Fund's target range goals for utilization of emerging investment managers and minority broker dealers as proposed by Fund Investment Staff.

[Vote Result:](#) MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

4. Performance Update;

Mr. Jackson and Mr. Joecken reviewed the Capital Markets Summary and the June 2014 Quarter performance report for each fund as prepared by Callan. Both funds' outperformed their benchmarks for the year-to-date period with Cook County returning 5.43% (vs. 5.29% benchmark) and the Forest Preserve Fund by returning 5.75% (vs. 5.29% benchmark). Both funds' domestic equity portfolios fell slightly short of their benchmarks (Cook 6.36% vs. 6.94%) and (Forest Preserve 6.33% vs. 6.80%). International equity portfolios for the Cook County Fund also fell slightly short of the benchmark for the year-to-date period (Cook 4.57% vs. 5.89%) as Russia and Ukraine tensions hindered performance. The Forest Preserve Fund outperformed its benchmark (6.34% vs. 5.89%) for the year-to-date period as strong active management by Lazard bolstered international equity performance. Fixed income mandates generated positive returns despite the continued uncertainty about Fed actions on interest rates for the year to date period (Cook 4.72% vs. 3.93% and Forest Preserve 3.94% vs. 3.93%). On a rolling 12 month basis (through June) both funds outperformed

their benchmarks with the Cook County Fund returning 16.08% (vs. 14.73% benchmark) and the Forest Preserve Fund returning 17.45% (vs. 15.07% benchmark).

5. Real Estate Asset Class Review;

Ms. Haskins presented a market overview of the real estate market including the current fund raising environment, economic growth, and general investment themes. A portfolio overview of the Cook County Fund's real estate allocation was also discussed with Ms. Haskins noting that the Cook County Fund is currently invested with ten real estate managers ranging in vintages totaling \$770 million and an additional \$44.1 million of unfunded commitments. The funded allocation plus commitments represents approximately 9.1% of the overall investment portfolio compared to the 8% target allocation to real estate. As of June, 30, 2014, within the real estate asset class, core had a 44.0% allocation, non-core had a 15.0% allocation, and REITS, which are passively managed, were at had a 41.0% allocation. Against this backdrop, Ms. Haskins discussed the Fund's overall real strategy with implementation recommendations to come at a later meeting.

Finally, Ms. Haskins discussed the Fund's farmland portfolio and Callan's ongoing work to identify alternatives also to be considered at a subsequent meeting.

6. Real Estate Emerging Manager Search – Finalist Presentation;

Ms. Haskins provided an overview of the real estate emerging manager search and provided brief remarks about the finalist candidates considered. Ms. Haskins noted the recommendation of Adelante Capital Management to the Investment Committee based on the liquidity of the REIT strategy and absence of active REIT managers in the portfolio. Afterwards, representatives from Adelante Capital Management presented the strategy, research process, capabilities and performance of their domestic REIT product.

7. Adjournment.

It was moved by Trustee Richardson and seconded by Trustee Herrera that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE